



U.S. DEPARTMENT OF ENERGY  
Office of Electricity Delivery and  
Energy Reliability

# ENERGY ASSURANCE DAILY

Monday, April 03, 2006

## *Major Developments*

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### **Venezuela Seizes Oil Fields from Total and ENI**

Venezuela has assumed control of two oil fields operated by Total of France and ENI of Italy, after they failed to reach an agreement with the government to transfer to new ventures giving state oil firm PDVSA at least a 60 percent stake. On Friday 16 oil companies, including U.S.-based Chevron, signed accords with President Hugo Chavez, agreeing to convert their operating agreements into the joint ventures. The fields seized were Total's 30,000 b/d Jusepin field and ENI's 60,000 b/d Dacion field. ENI said PDVSA had violated its contract rights and said it would seek reparations and possible legal action. Total said it had no comment other than PDVSA had not accepted its proposal.

Reuters 09:45, April 3, 2006.

[http://biz.yahoo.com/ap/060403/venezuela\\_oil\\_total.html?.v=2](http://biz.yahoo.com/ap/060403/venezuela_oil_total.html?.v=2)

[http://seattlepi.nwsourc.com/business/1310AP\\_Venezuela\\_Oil\\_Total.html](http://seattlepi.nwsourc.com/business/1310AP_Venezuela_Oil_Total.html)

## *Electricity*

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### **Power Outage at U.S. Capitol Caused by Voltage Drop**

A power outage prompted police to order the evacuation of the U.S. Capitol just after noon today in Washington. Potomac Electric Power Company, which supplies the Capitol, says power to the building was automatically shut due to a "momentary drop in voltage" caused by customer operations up the lines away from the Capitol.

[http://www.13wham.com/news/national/story.aspx?content\\_id=937494C4-4C79-40F9-97FB-7A2E02850782](http://www.13wham.com/news/national/story.aspx?content_id=937494C4-4C79-40F9-97FB-7A2E02850782)

<http://www.wreg.com/Global/story.asp?S=4718275>

### **Thunderstorms Cause Massive Power Outages in Kentucky, Indiana and Ohio**

A total of 85,000 utility customers remained without power by early this morning after severe thunderstorms ravaged the area last night. Louisiana Gas & Electric and Cinergy reported 60,000 customers out in Kentucky (40,000 in the Louisville area) and 16,000 out in Indiana. Cincinnati Gas & Electric reported 9,000 customers out in Ohio this morning, down from a peak of 20,000 last night.

<http://www.courier-journal.com/apps/pbcs.dll/article?AID=/20060403/NEWS01/60403008>

<http://news.enquirer.com/apps/pbcs.dll/article?AID=/20060403/NEWS01/604030356/1077>

### **FPL's 1,386 MW Turkey Point Nuke Shut Due to Possible Sabotage in Florida March 31**

Florida Power & Light has reported that a small hole drilled into a pressure pipe was discovered during a routine inspection following a planned refueling outage. The Nuclear Regulatory Commission, the FBI and FPL are investigating the incident to determine whether the hole resulted from an accident or was made deliberately.

[http://pro.energycentral.com/professional/news/power/news\\_article.cfm?id=6518540](http://pro.energycentral.com/professional/news/power/news_article.cfm?id=6518540)

<http://www.local10.com/news/8437198/detail.html>

### **Update: NRC Lets Vermont Yankee Nuclear Plant Increase Power**

Entergy has received approval to increase its Vermont Yankee to 110 percent power. Last month, the NRC approved an increase to 120 percent in 5 percent increments with a 96-hour hold at each plateau. When all upgrades are finished, the plant will have expanded its maximum power level from 1,593 MW to 1,912 MW.

<http://www.platts.com/Nuclear/News/6212621.xml?p=Nuclear/News&sub=Nuclear>

### **Energy Northwest's 1,190 MW Columbia Nuke Resumes Full Power in Washington, March 31**

The company reduced the unit to 60 percent while workers repaired leaks on tubes that carry cooling water through the plant.

Bloomberg, March 31, 2006.

### **Update: Southern's 1,149 MW Vogtle 2 Nuke Back at Full Power in South Carolina April 3**

Unit 2 was shut in late March for repairs. While the unit was shut, the Nuclear Regulatory Commission sent a special team of inspectors to look into the cause of repeated small leaks at the plant.

Reuters 07:40, April 3, 2006.

### **Dominion's 882 MW Milestone 2 Nuke Shut in Connecticut March 31**

The unit was shut due to an inoperable auxiliary feed water pump. The unit was operating at full power prior to shut down and will remain shut until the problem is fixed.

Reuters, 08:10 April 3, 2006.

### **FirstEnergy's 831 MW Beaver Valley 2 Nuke Shut in Pennsylvania, April 2**

Unit 2 shut after an automatic reactor trip caused by a main generator trip.

Reuters 08:22, April 3, 2006.

### **CMS Energy's 767 MW Palisades Nuke Shut in Michigan March 31**

The unit was shut due to problems with a cooling valve. The unit, located in South Haven, Michigan will remain shut as it began a planned refueling outage on April 1.

Reuters, 08:02 April 3, 2006.

### **Exelon's 660 MW Oyster Creek Nuke Resumes Full Power in New Jersey March 31**

The company reduced power to as low as 60 percent to allow workers to repair a leak on a water pump.

Bloomberg 12:22, March 31, 2006.

### **APS' 1,247 MW Palo Verde 3 Nuke Shut in Arizona April 2**

The unit was shut due to an emergency diesel trip during testing. The unit, located in Wintersburg, Arizona, will remain shut for a planned refueling and maintenance outage and is expected to return to service on May 6.

Reuters, 08:32 April 3, 2006.

### **Valley Adequately Supplied for Summer Despite Palo Verde Troubles but Wildfires Pose Bigger Threat**

Despite problems at unit 1 of the 1,270 MW Palo Verde Nuclear Generating Station in Arizona, Valley electric executives say they have lined up adequate power supplies to meet the expected peak demand for electricity this summer. The biggest risk for interrupting electric service comes from the potential for wildland fires, officials for Salt River Project and Arizona Public Service told the Arizona Corporation Commission Thursday. The fires themselves are not likely to damage the lines, but if wildland fires burn too close to major transmission lines, the lines have to be turned off for the safety of firefighters, officials said. SRP and APS officials told the commission they have stepped up training and coordination with firefighting services to deal with fire situations around power lines.

<http://powermarketers.net/content/inc.net/newsreader.asp?ppa=8knpp%5E%5Bglktrsvhc%216%3C%22bfe1%5Dv>

**Update: Mohave Plan Shelved in Nevada; Restart 2009 or Later**

Southern California Edison announced that it has dropped plans to restart the idled Mohave generating station because it has been unable to work out an agreement with environmentalists. The plant was shut at the end of 2005 by court order pending installation of new pollution abatement equipment.

[http://pro.energycentral.com/professional/news/power/news\\_article.cfm?id=6518558](http://pro.energycentral.com/professional/news/power/news_article.cfm?id=6518558)

**Co-op's Proposed 250 MW Coal-fired Plant Gets Air Permit in Montana**

Southern Montana Electric Generation & Transmission Cooperative has received an air-quality permit from Montana regulators Thursday for its proposed coal-fired generation plant which the co-op hopes to be built and operating by late 2010 or early 2011.

<http://www.casperstartribune.net/articles/2006/04/01/news/regional/85b4860a81f28b5887257142006ce175.txt>

**Update: Company to Break Ground on 550 MW Gas-fired Quail Run Energy Center in Texas**

Navasota Odessa Energy Partners will break ground May 16 on the 550 MW Quail Run Energy Center gas-fired generating plant the company is building in Odessa, Texas. The facility, which will be capable of delivering electricity to Houston or Dallas markets, is scheduled to be ready for operation by May 1, 2007.

<http://powermarketers.netcontentinc.net/newsreader.asp?ppa=8knpp%5E%5BglkppmRVhc%216%3C%22bfe%5Dv>

Energy Assurance Daily, March 15, 2006.

**AES's 480 MW Gas-fired Redondo 7 Returns to Full Service in California April 2**

The company shut the unit by March 31 for unplanned work.

Reuters, 02:12 April 3, 2006.

**Sempra Energy's 550 MW Palomar Gas-Fired Plant Shut in California April 2**

The unit was shut for unplanned reasons. The unit has been putting test power out on the grid since the beginning of the year in preparation for commercial operation before the peak summer air conditioning season.

Reuters, 11:54 April 3, 2006.

## ***Petroleum***

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**Significant Oil Shock Could Lead to Serious Economic Slowdown – Analysts**

With oil prices pushing \$70 per barrel, energy analysts are saying that the U.S. economy is capable of absorbing uncomfortably high oil and gasoline prices but warn that consumers and businesses could be just one major supply disruption away from serious financial consequences. High gasoline prices over a substantial period, they warn, could trigger a substantial drop in discretionary spending causing an economic slowdown. While supply disruptions have caused unease in oil markets, U.S. non-SPR crude inventories have climbed to a seven-year high of 341 million barrels. Analysts are split on whether this indicates “complacency about the downside potential for prices” or unease about geopolitical concerns.

<http://www.washingtonpost.com/wp-dyn/content/article/2006/03/31/AR2006033101153.html?sub=AR>

**Chavez to Lobby OPEC for \$50 Price Target**

Venezuelan President Hugo Chavez has told a BBC reporter that he will ask OPEC to set the long term crude price level at \$50 per barrel. Chavez, who is due to host the OPEC meeting on June 1, will also ask the cartel to formally accept that Venezuela's reserves are now bigger than Saudi Arabia's. According to an analysis by the U.S. Department of Energy, at \$50 per barrel Venezuela has more oil reserves than any other country because at that price it is extremely profitable to melt its vast deposits of extra-heavy oil. The DOE estimates that the Venezuelan government controls 1.3 million barrels of oil – more than the entire Middle East including Saudi Arabia, the Gulf states, Iran and Iraq.

<http://news.bbc.co.uk/go/pr/fr/-/2/hi/americas/4871938.stm>

**Update: EA Field to Resume 115,000 b/d Production within Days – Nigeria Oil Min.**

Nigerian Oil Minister Edmund Daukoru has said that 550,000 b/d of Nigeria's 2.5 million b/d remains shut after militants carried out a wave of attacks on Shell's Forcados export terminal and sabotaged two pipelines last month. The number is down from a high of 625,000 b/d after Agip resumed operation of its 75,000 b/d pipeline in the Niger Delta. While Shell has yet to make a statement on when Forcados production would be restored, Daukoru said he expects the company's 115,000 b/d EA shallow-water field to resume within days.

<http://www.platts.com/Oil/News/8361997.xml?sub=Oil&p=Oil/News>

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**Natural Gas**

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**U.S. Gas Reserves Hit 21-Year High**

According to the American Gas Association (AGA), the country's gas reserves grew by about 4 Tcf last year to 197 Tcf, hitting levels not seen since 1984. However, the group also noted that the increase does not necessarily translate into greater production. The AGA estimate is based on results reported by 30 large reserves holders, which represent about half of U.S. reserves.

National Gas Intelligence, March 31, 2006.

Platts, March 31, 2006.

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**Other News**

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Nothing to report.

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**Energy Prices**

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U.S. Oil and Gas Prices			
April 4, 2006			
	Today	Week Ago	Year Ago
<b>CRUDE OIL</b>			
<b>West Texas Intermediate U.S.</b>			
\$/Barrel	66.07	63.75	57.26
<b>NATURAL GAS</b>			
<b>Henry Hub</b>			
\$/Million Btu	7.08	7.05	7.57

Source: Reuters

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**Energy Notes**

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**'Unusual Event' at 756 MW Cooper Nuke Plant in Nebraska due to Weather**

Reuters 07:47, April 3, 2006.

**Concrete Shield Mishap Occurs at D.C. Cook Nuclear Plant in Michigan**

<http://www.freep.com/apps/pbcs.dll/article?AID=/20060331/NEWS06/603310331/1008>

**Louisiana Governor Threatens to Halt August Offshore Lease Sale Over Royalty Dispute**

Natural Gas Week, April 3, 2006.

**Russia Cutting Crude Loadings by 146,000 b/d on Surging Domestic Demand**

Energy Intelligence Briefing, March 31, 2006

**Lukoil to Make Big Investments in U.S. – Company Official**

Oil Daily, April 3, 2006.

**Security Concerns Rise as Baku-Tbilisi-Ceyhan Pipeline Fills Up**

Nefte Compass, March 30, 2006.

**Saudi Official: Kingdom Has Foiled 90 Percent of Terrorist Attacks**

<http://www.stuff.co.nz/stuff/0,2106,3624433a12,00.html>

**Saudi Arabia Pledges Moderate Oil Policy to Ensure Stable World Economy**

<http://www.tradingmarkets.com/tm.site/news/ASIAN%20MARKETS/209431/>

**Iranian Foreign Min. is Latest Official to Say Country Won't Use Oil as Weapon**

[http://biz.yahoo.com/rb/060403/markets\\_oil.html?.v=2](http://biz.yahoo.com/rb/060403/markets_oil.html?.v=2)

**Petroecuador Boardmember Says Ecuador's Proposed Windfall Profit Law Would Scare Away New Investment**

<http://www.platts.com/Oil/News/7361153.xml?p=Oil/News&sub=Oil>

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## Links

***This Week in Petroleum*** from the Energy Information Administration (EIA)

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

***Weekly Petroleum Status Report*** from EIA

[http://www.eia.doe.gov/oil\\_gas/petroleum/data\\_publications/weekly\\_petroleum\\_status\\_report/wpsr.html](http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html)

Updated after 1:00 PM EST every Wednesday.

***Natural Gas Weekly Update*** from EIA

<http://tonto.eia.doe.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM EST every Thursday.

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